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FM AMCONSUL JERUSALEM  
TO RUEHC/SECSTATE WASHDC 0000  
INFO ARAB ISRAELI COLLECTIVE  
RHEHNSC/NSC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L JERUSALEM 000075

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NEA FOR FRONT OFFICE; NEA/IPA FOR  
WILLIAMS/SHAMPAIN/STEINGER; NSC FOR ABRAMS/DORAN/WATERS;  
TREASURY FOR SZUBIN/LOEFFLER/NUGENT/HIRSON

E.O. 12958: DECL: 01/12/2017  
TAGS: [ECON](#) [EFIN](#) [ETRD](#) [PREL](#) [PGOV](#) [KWBG](#) [IS](#)  
SUBJECT: PLO CHIEF NEGOTIATOR NOTES POSSIBLE PROGRESS ON  
PERMITS AND CUSTOMS ISSUES

REF: TEL AVIV 167

CLASSIFIED BY: CONSUL GENERAL JAKE WALLE, REASONS 1.4 (B) AND (D).

¶1. (C) SUMMARY: ACCORDING TO PLO CHIEF NEGOTIATOR SA'EB EREKAT, ISRAELI AUTHORITIES HAVE RECENTLY AGREED TO PROVIDE MORE SPECIAL PERMITS TO FACILITATE THE TRAVEL OF PROMINENT PALESTINIAN BUSINESSMEN AND POLITICAL LEADERS INTO ISRAEL, IN ADDITION, THE NUMBER OF PALESTINIAN LABORERS ALLOWED INTO ISRAEL IS SUPPOSE TO INCREASE FROM 20,000 TO 23,000. EREKAT ADVISED THAT THE CUSTOMS AUTHORITY IS TO BE REMOVED FROM THE MINISTRY OF FINANCE, THUS PAVING THE WAY FOR THE SIGNING OF THE RAFAH CUSTOMS PROTOCOL WITH ISRAEL. HE STATED THAT EFFORTS ARE UNDERWAY TO IMPROVE THE PETROLEUM DISTRIBUTION SYSTEM IN THE WEST BANK AND HAVE PRIVATE COMPANIES OPERATE THE PALESTINIAN SIDE OF 4 CROSSINGS. END SUMMARY.

PERMITS PROMISED  
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¶2. (C) IN A JANUARY 9 MEETING WITH THE CONSUL GENERAL, PLO CHIEF NEGOTIATOR SA'EB EREKAT SAID THAT COGAT HEAD LT. GEN. MISHLEV HAD RECENTLY AGREED TO PROVIDE 500 PALESTINIANS WITH BUSINESS PERMITS ALLOWING 24-HOUR ACCESS INTO ISRAEL. MISHLEV REPORTEDLY ASKED EREKAT TO DEVELOP THE LIST. EREKAT ADVISED THAT HE WILL PRODUCE THE LIST IN COORDINATION WITH THE PALESTINIAN CHAMBERS OF COMMERCE AND PALESTINIAN PRIVATE SECTOR COORDINATING COUNCIL SECRETARY GENERAL BASSAM KHOURY (WEST BANK) AND MOHAMMAD ABU RAHMADAN (GAZA). MISHLEV ALSO REPORTEDLY AGREED TO RENEW THE ISSUANCE OF "VIP-1" CARDS FOR PROMINENT PALESTINIANS. EREKAT ASKED FOR A TOTAL OF 100 VIP-1 CARDS. MISHLEV NOTED THAT PALESTINIANS ALREADY POSSESSED 58 BUT AGREED TO CONSIDER THE REQUEST FOR ADDITIONAL PERMITS. EREKAT SAID THAT THE GOI WILL INCREASE THE NUMBER OF PALESTINIAN LABORERS ALLOWED INTO ISRAEL FROM 20,000 TO 23,000. HE STATED THAT HE HAD INFORMED THE PALESTINIAN LABOR UNIONS OF THIS AND SUGGESTED THAT THEY APPLY FOR MORE PERMITS.

CROSSING OPENED  
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¶3. (C) EREKAT CONFIRMED THAT BARDALEH CROSSING IN THE NORTHERN JORDAN VALLEY HAD OPENED FOR AGRICULTURAL PRODUCE. EREKAT SAID THAT SIGNIFICANT OBSTACLES TO INTERNAL MOVEMENT ELSEWHERE IN THE WEST BANK REMAIN AND NEED TO BE ADDRESSED.

CUSTOMS AUTHORITY TRANSFERRED  
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14. (C) EREKAT SAID HE IS WORKING TO REMOVE THE CUSTOMS AUTHORITY FROM THE MINISTRY OF FINANCE AND PLACE IT UNDER THE CONTROL OF PRESIDENT ABBAS. BY DOING SO, HE HOPES TO REMOVE THE ISRAELI OBJECTIONS TO SIGNING THE RAFAH CUSTOMS PROTOCOL.

EREKAT TOLD THE CONSUL GENERAL THAT A SPECIAL ACCOUNT HAD BEEN SET UP IN THE PRESIDENT'S OFFICE TO RECEIVE CUSTOMS DUTIES. THIS ACCOUNT WILL BE SUPERVISED BY PRESIDENTIAL CHIEF OF STAFF RAFIQ HUSSEINI. CROSSING OPERATIONS EXPENSES WILL BE FUNDED BY THE CUSTOMS REVENUES. (COMMENT: THE ESTABLISHMENT OF YET ANOTHER ACCOUNT TO RECEIVE FUNDS RAISES CONCERNS. WE WOULD PREFER TO SEE ALL FUNDING COMING TO THE PLO OR THE PRESIDENT'S OFFICE TO BE COORDINATED, IDEALLY UNDER THE SUPERVISION OF SALAM FAYYAD. END COMMENT.)

#### PRIVATIZATION

15. (C) EREKAT SAID THAT HE PREFERRED THAT THE PRIVATE SECTOR OPERATE THE PALESTINIAN SIDE OF FOUR CROSSING POINTS IN THE WEST BANK. HE SUGGESTED THAT AN AGENCY SHOULD BE CREATED TO MONITOR PRIVATE SECTOR OPERATIONS OF THESE CROSSINGS. ACCORDING TO EREKAT, PALTEL GROUP CEO ABDUL MALIK JABER IS LEADING THIS PRIVATIZATION INITIATIVE. (NOTE: NO PRIVATIZATION TENDER HAS BEEN RELEASED. END NOTE.) EREKAT ALSO SAID THAT TWO PRIVATE SECTOR-RUN PETROLEUM DISTRIBUTION STATIONS ARE BEING ESTABLISHED IN THE WEST BANK. THE GOAL IS TO FOSTER GREATER TRANSPARENCY IN THE SYSTEM. (NOTE: A PRIVATE PALESTINIAN COMPANY CURRENTLY HAS A MONOPOLY ON PETROLEUM DISTRIBUTION IN THE WEST BANK. END NOTE.) (COMMENT: PRIVATIZATION OF THE MANAGEMENT OF THE CROSSING POINTS COULD BE A POSITIVE DEVELOPMENT, BUT ONLY IF SAFEGUARDS ARE PUT IN PLACE TO ENSURE THAT THE CORRUPTION ENDEMIC TO CROSSING POINT HERE DOES NOT CONTINUE IN PRIVATE

HANDS. END COMMENT.)

WALLES